

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 AF-10 ARA-10 EA-10 NEA-10 XMB-02
OPIC-03 /162 W

-----105460 031740Z /43

P 031643Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6744
INFO AMEMBASSY ATHENS

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USMTN
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD, GR
SUBJECT: MTN:U.S./GREECE BILATERAL ON REQUESTS/OFFERS

REF: GENEVA 1583

1. SUMMARY. USMTN DEL (MARSH) MET WITH GREEK DEL (LIONTAS) ON FEB. 24 TO DISCUSS U.S. OFFER AND TO REMIND GREECE THAT ITS PARTICIPATION WOULD HAVE TO BE INCREASED MARKEDLY IF IT EXPECTED TO FIND ITS OBJECTIVES ACHIEVED AT THE END-OF-THE-DAY. LIONTAS SHOWED FULL SYMPATHY WITH U.S. DEL DEMARCHE AND PERSONALLY APOLOGIZED FOR APPARENT LACK OF CONCERN IN ATHENS FOR MTN MATTERS. HE PROMISED TO DO WHAT HE COULD TO REMEDY THIS PROBLEM IN THE IMMEDIATE FUTURE. END SUMMARY.

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2. USMTN DEL STATED THAT THE U.S. OFFER WOULD PROVIDE A MAJOR IMPROVEMENT IN ACCESS TO OUR MARKET FOR GREEK PRODUCTS. WE NOTED THAT GREEK INDUSTRIAL EXPORTS WOULD BENEFIT FROM A 46.3 PERCENT WEIGHTED REDUCTION IN U.S. TARIFFS (EXCLUDING MANDATORY EXCEPTIONS). THIS REDUCTION EXCEEDS BOTH WHAT WAS CALLED FOR BY THE WORKING HYPOTHESIS AND THE COMPARABLE AVERAGE REDUCTION TO OTHER MTN

PARTICIPANTS (44.6 PERCENT). WE CITED SEVERAL EXAMPLES OF GREATER-THAN-FORMULA REDUCTIONS WHICH THE U.S. HAD OFFERED ON GREEK EXPORT ITEMS, AND AT LIONTAS' REQUEST, GAVE HIM A COMPUTER TABULATION SHOWING THESE AND OTHER GREEK EXPORTS TO U.S. BENEFITTING FROM FORMULA AND GREATER-THAN-FORMULA REDUCTIONS. OUR OFFERS DEMONSTRATED U.S. SINCERITY IN ITS EFFORT TO MAKE THE MTN A VALUABLE EXERCISE FOR ALL PARTICIPANTS. WE EXPLAINED, HOWEVER, THAT THIS GESTURE WOULD HAVE TO BE RECIPROCATED BY OTHER DELEGATIONS OR U.S. OFFERS WOULD BE MODIFIED ACCORDINGLY. WE NOTED THAT GREEK REQUESTS ON AGRICULTURAL PRODUCTS, NTMS, AND SPECIAL MEASURES FOR INDUSTRIAL TARIFFS WOULD HAVE TO BE RECEIVED SHORTLY IF THEY WERE GOING TO RECEIVE CAREFUL CONSIDERATION IN WASHINGTON.

3. GREEK DEL EXPRESSED APPRECIATION FOR SUBSTANTIAL U.S. OFFER ON PRODUCTS OF GREEK INTEREST EVEN THOUGH GREECE HAD NOT SHOWN MUCH INTEREST IN THE MTN NEGOTIATING PROCESS. LIONTAS EXPRESSED HIS PERSONAL VIEW THAT FOR TOO LONG THE GOG HAD BEEN PREOCCUPIED WITH INTEGRATION INTO THE EUROPEAN COMMUNITY. THIS HAD LED, INTER ALIA, TO AN INDIFFERENCE TOWARD U.S./GREEK ECONOMIC RELATIONS. HE THOUGHT THAT THE PRESENT SITUATION OFFERED HIM AN OPPORTUNITY TO DEMONSTRATE TO OFFICIALS IN ATHENS THAT BY THEIR PREOCCUPATION WITH THE EC, THE GOG WAS RISKING THE LOSS OF VALUABLE TRADE CONCESSIONS THAT MIGHT NOT BE LIMITED OFFICIAL USE

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PUT ON THE NEGOTIATING TABLE FOR MANY YEARS TO COME.

4. WITH REGARD TO A GREEK OFFER, LIONTAS REITERATED HIS STATEMENT MADE AT THE RECENT SEVEN PLUS SEVEN (REFTEL) THAT GREECE'S CONCESSION ON TARIFFS WOULD BE ITS ALIGNMENT TO THE NEW BOUND RATES OF THE EC COMMON EXTERNAL TARIFF (CXT). BECAUSE OF THE REQUIREMENT THAT GREECE ALIGN FULLY WITH THE NEW EC RATES, LIONTAS BELIEVES GREECE IS EFFECTIVELY A FORMULA COUNTRY. MOREOVER, SINCE APPLIED GREEK RATES ARE PRESENTLY GREATER THAN THE COMPARABLE EC RATES, GREECE WAS ACTUALLY MAKING A DEEPER PERCENTAGE CUT THAN WAS THE EC.

5. WE RESPONDED THAT THE U.S. MIGHT BE WILLING TO TAKE THESE REDUCTIONS INTO ACCOUNT (AS WE HAD IN THE KENNEDY ROUND), BUT THAT GREECE WOULD HAVE TO INDICATE THE LIKELY TIMETABLE FOR ALIGNMENT OF ITS TARIFFS TO THE POST-MTN EC RATES BEFORE WE COULD ASSESS THE VALUE OF THEIR OFFER. THERE WAS ALSO THE PROBLEM OF GREECE USING THE ESCAPE CLAUSE PROVISIONS OF THE EC/GREECE ASSOCIATION AGREEMENT TO POSTPONE ALIGNMENT OF CERTAIN ITEMS TO THE CXT LEVEL. THE USE OF THIS CLAUSE COULD IMPAIR THE VALUE OF GREECE'S

OFFER TO US IN THE MTN. LIONTAS RESPONDED THAT HE
DIDN'T THINK THAT GREECE HAD EVER TAKEN ADVANTAGE OF
THESE PROVISIONS, BUT THAT HE WOULD SEEK FURTHER CLARIFICA-
TION AND GUIDANCE FROM ATHENS.

6. WE AGREED TO MEET AGAIN AS SOON AS LIONTAS HAD
OBTAINED FURTHER GUIDANCE FROM ATHENS, INCLUDING, HE
HOPED, REACTIONS TO OUR REQUESTS ON NTMS AND AGRICULTURAL
PRODUCTS.

7. DRAFTED BY MARSH. MCNAMARA

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